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Subject: Update Memo re SE
Attachments: RCW's SE email.docx

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June 13, 2019 200pm.

This is a follow up to the lengthy meeting held last Friday and an update on the version I sent on last Saturday. My intention is to lay out what I understand to be the exit plan for SE, and I want to also state some cautions.

The WARN Act notice has been given. The employees are covered until August 5, per David. David has publicly announced closure of the Plant. Rick is personally meeting with each Grower. David has already called BofW and informed BofW. BoW has not released its liens yet so far as we know but told me on June 11 that the BofW loan had been paid off. I also have learned that BofW sold the term loan to Farmer Mac and Farmer Mac said it does not have a lien on A/R.

On June 7 90 day notices under the PSA were given to all Growers. SE has informed Growers they will be paid until the last bird leaves their houses. Rick may have given more time to Growers. Ritchey said that the last bird should be delivered around August 5 and Sheryl guesstimates that the receivables will be collected within 30-45 days thereafter. In the interim SE will use revenues and loans from PF to keep all undisputed trade debts and Grower payments current. Payment on the NMTC will also be kept current. We will ask for a moratorium on Farmer Mac payments.

As soon as possible Ritchey will facilitate a listing of the Iowa operation with a broker acceptable to SE. Hopefully, the business can be sold as a unit. This really needs to be a very high priority. I explained that a cautious buyer may want the sale to be done in a Chapter 11.

SE has asked PF to lend it more money. PF is willing to do so only if it receives collateral for the new money. PF will ask BMJ to write up loan documents where by PF will have a second lien behind BofW/Farmer Mac on the real property and personal property. I have suggested that PF will want to include as collateral the live bird collateral, the rolling stock and the Lawler real property as I don't think these are subject to existing liens. On Monday I spoke with Rick and Jan Perkins and I believe this is underway. I am also to talk with JP about getting consent from NMTC about this new loan (and maybe get a clearer understanding about the debt v. equity issue).

Once I was authorized to do so, I contacted the BofW attorney and the Administrator of the Farmer Mac program to inform them of the liquidation strategy and ask for consent to use of the AR, inform of possible lien defects, inform of PF loan and ask for a payment moratorium pending a sale to lessen the amount needed from PF. As of 6/13 I am awaiting a reply to make an "ask" of Farmer Mac.

The hope is that from the sale of the PPE/business the proceeds will pay off the first lien, pay off the new money advanced by PF and create a pool of money for the then remaining creditors which will likely be the Growers asserting damage claims for breach of the Grower agreements, PF if it has debt rather than equity, the broker with the disputed contract, chick supplier, PB and other disputed creditors. It is expected that all trade creditors will have been paid. A Chapter 11 may be needed to corral these creditors.

As mentioned above, there are some cautions and other considerations.

I think SE needs to immediately engage an Iowa attorney as I fully expect the Growers to commence suing SE and possibly seeking injunctive relief. It is also possible that three or more of them will join together to force an involuntary bankruptcy in Iowa. For the same reason, SE must continually update the draft Chapter 11 schedules so it can address these threats by filing a Chapter 11 here. I am to speak with a civil litigator at Davis Brown on Friday morning.

I also want to restate my concern about possible efforts to pierce through and seek to hold PF liable for the claims against SE. It will not surprise me if such assertions are made given the interrelationships among SE, PF, PFF, Western Grain, Bel's, common address, common management, and etc.

If a Chapter 11 does have to be filed here, I would anticipate a motion to change venue by Growers arguing that the case should be in Iowa. I think this is defensible.

I continue to be concerned that SE is trying to handle this liquidation without assistance from a knowledgeable crisis manager. I recognize that there is a cost to this but I think keeping Rick and David out of this process will allow better focus on the core business, and help remove PF as a

target. SE does not need people like those used in Zacky but I do think that SE does not understand how many issues need to be addressed, especially if and when SE has to file Chapter 11. I would much rather having irate Growers talking to an experienced, dispassionate pro rather than playing on the good nature of Rick and David.

I want to re-raise the need for a coordinated communications strategy. Too many points of contact will make the process cumbersome. Creditors will always be trying to wedel more out of owners.

So....decisions are needed.

I am sending this to all on my SE Distribution List consisting of Rick, Candy, David and Deb. If others are to be copied, please advise.

I am standing by. Thanks.